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**SUBSTITUTE SENATE BILL 5200**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Consumer Protection & Housing (originally sponsored by Senators Delvin, Weinstein, Kohl-Welles, Morton, Pridemore, Kilmer, Rasmussen and Kline)

READ FIRST TIME 02/05/07.

1 AN ACT Relating to tax credits for contributions to low-income  
2 housing efforts; and adding a new chapter to Title 82 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** It is the previously declared public policy  
5 of the state to assist in making affordable and decent housing  
6 available throughout the state. The legislature recognizes that  
7 despite ongoing efforts there is still a lack of affordable housing in  
8 many areas. To ensure further aid, the legislature hereby establishes  
9 tax credits for persons who make financial contributions to low-income  
10 housing assistance programs.

11 NEW SECTION. **Sec. 2.** Unless the context clearly requires  
12 otherwise, the definitions in this section apply throughout this  
13 chapter.

14 (1) "Applicant" means a person applying for a tax credit under this  
15 chapter.

16 (2) "Contribution" means cash or in-kind contributions.

17 (3) "Department" means the department of revenue.

18 (4) "Person" has the meaning given in RCW 82.04.030.

1 (5) "Program" means a nonprofit organization under internal revenue  
2 code section 501(c)(3), located in Washington, which builds homes and  
3 provides homeownership opportunities for persons of low income as  
4 defined in RCW 35.81.015.

5 (6) "Housing trust fund" means the Washington housing trust fund  
6 created in RCW 43.185.030.

7 NEW SECTION. **Sec. 3.** (1) Application for tax credits under this  
8 chapter must be made to the department before making a contribution to  
9 a program or the housing trust fund. The application must be made to  
10 the department in a form and manner prescribed by the department. The  
11 application must contain information regarding the proposed amount of  
12 contribution to a program or the housing trust fund, and other  
13 information required by the department to determine eligibility under  
14 this act. The department shall rule on the application within forty-  
15 five days. Applications must be approved on a first-come basis.

16 (2) The person must make the contribution described in the approved  
17 application by the end of the calendar year in which the application is  
18 approved to claim a credit allowed under section 4 of this act.

19 (3) The department shall not accept any applications before January  
20 1, 2008.

21 NEW SECTION. **Sec. 4.** (1) Subject to the limitations in this  
22 chapter, a credit is allowed against the tax imposed by chapters 82.04  
23 and 82.16 RCW for approved contributions that are made by a person to  
24 a program or the housing trust fund.

25 (2) The credit allowed under this section is limited to an amount  
26 equal to:

27 (a) Seventy-five percent of the approved contribution made by a  
28 person to a program; or

29 (b) Fifty percent of the approved contribution made by a person to  
30 the housing trust fund.

31 (3) The department shall maintain a total of all credits approved  
32 under this chapter for each calendar year. The department must not  
33 approve any credits under this section that would cause the total  
34 amount of approved credits statewide to exceed one million five hundred  
35 thousand dollars in any calendar year.

1 (4) The total credits allowed under this chapter for contributions  
2 made to each program may not exceed two hundred fifty thousand dollars  
3 in a calendar year. The total credits allowed under this chapter for  
4 a person may not exceed five hundred thousand dollars in a calendar  
5 year.

6 (5) The credit may be claimed against any tax due under chapters  
7 82.04 and 82.16 RCW only in the calendar year immediately following the  
8 calendar year in which the credit was approved by the department and  
9 the contribution was made to the program or the housing trust fund.  
10 Credits may not be carried over to subsequent years. No refunds may be  
11 granted for credits under this chapter.

12 (6) The total amount of the credit claimed in any calendar year by  
13 a person may not exceed the lesser amount of the approved credit, or  
14 seventy-five percent of the amount of the contribution that is made by  
15 the person to a program and fifty percent of the amount of the  
16 contribution that is made by the person to the housing trust fund, in  
17 the prior calendar year.

18 NEW SECTION. **Sec. 5.** To claim a credit under this chapter, a  
19 person must electronically file with the department all returns, forms,  
20 and other information the department requires in an electronic format  
21 as provided or approved by the department. Any return, form, or  
22 information required to be filed in an electronic format under this  
23 section is not filed until received by the department in an electronic  
24 format. As used in this section, "returns" has the same meaning as  
25 "return" in RCW 82.32.050.

26 NEW SECTION. **Sec. 6.** Chapter 82.32 RCW applies to the  
27 administration of this chapter.

28 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute  
29 a new chapter in Title 82 RCW.

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